

Excerpt From The
**"Official Statement of the City of Boston Massachusetts
 Relating to Boston City Hospital Revenue Bonds,"**

November 30, 1990

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"The Economy"

Prepared by the Boston Redevelopment Authority
 Department of Policy Development & Research

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NEW ISSUE

In the opinion of Co-Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the Series A Bonds will not be included in the gross income of holders of the Series A Bonds for federal income tax purposes. Interest on the Series A Bonds will not constitute a preference item for the purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, although interest on the Series A Bonds will be taken into account in computing the alternative minimum tax applicable to corporations. In the opinion of Co-Bond Counsel, the Series A Bonds and the interest thereon are exempt from taxes imposed by existing Massachusetts laws, although the Series A Bonds and said interest may be included in the measure of estate and inheritance taxes and of certain corporate excise and franchise taxes. For federal and Massachusetts tax purposes, interest includes original issue discount allocable to the holder. See "Tax Exemption."



City of Boston, Massachusetts

\$169,340,000 Revenue Bonds

Boston City Hospital (FHA Insured Mortgage) Series A

Dated: November 15, 1990

Due: February 15 and August 15, as shown below

The Series A Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York which is acting as securities depository for the Series A Bonds. Purchases of the Series A Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. See "THE SERIES A BONDS--Book-Entry Only System" herein. Interest on the Series A Bonds will be payable February 15, 1991 and semiannually on each August 15 and February 15 thereafter until maturity or redemption prior to maturity. The Series A Bonds will be subject to redemption prior to maturity, including certain redemptions at par, as described herein under "THE SERIES A BONDS."

The principal or Redemption Price of and interest on the Series A Bonds will be payable solely (i) from payments to be made by the City of Boston, Massachusetts (the "City") on a mortgage note held by Shawmut Bank, N.A., as trustee (the "Trustee") and insured by the United States Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner or his authorized agents ("FHA"), and, in the event of a default by the City under the mortgage note or related documents, from Mortgage Insurance Benefits and (ii) from certain funds and letters of credit held by the Trustee pursuant to a Trust Agreement dated as of November 15, 1990 between the City and the Trustee. The mortgage note will be payable from all sources of revenue of the City, including revenues of Boston City Hospital ("BCH"), subject to annual appropriation therefor by the City, and provided that neither the revenues of BCH nor any other revenues of the City will be pledged as security for the payment thereof.

The Series A Bonds do not constitute general obligations of the City for which its full faith and credit are pledged. The Series A Bonds do not constitute an obligation or indebtedness of, and the payment of the Series A Bonds is not insured or guaranteed by, the United States of America or any agency or instrumentality thereof, including the United States Department of Housing and Urban Development and FHA.

Maturity	Principal Amount	Interest Rate	Price or Yield	Maturity	Principal Amount	Interest Rate	Price or Yield
Aug. 15, 1995	\$ 15,000	6.50%	100%	Aug. 15, 1999	\$1,440,000	6.95%	100%
Feb. 15, 1996	1,175,000	6.65	100	Feb. 15, 2000	1,495,000	7.05	100
Aug. 15, 1996	1,215,000	6.65	100	Aug. 15, 2000	1,540,000	7.05	100
Feb. 15, 1997	1,250,000	6.75	100	Feb. 15, 2001	1,605,000	7.15	100
Aug. 15, 1997	1,250,000	6.75	100	Aug. 15, 2001	1,655,000	7.15	100
Feb. 15, 1998	1,305,000	6.85	100	Feb. 15, 2002	1,720,000	7.20	100
Aug. 15, 1998	1,345,000	6.85	100	Aug. 15, 2002	1,780,000	7.20	100
Feb. 15, 1999	1,395,000	6.95	100				

\$15,000,000 7.30% Term Bonds Due Feb. 15, 2005 at 100%
\$21,535,000 7.65% Term Bonds Due Feb. 15, 2010 at 100%
\$112,620,000 7.625% Term Bonds Due Feb. 15, 2021 to Yield 7.70%
(Accrued interest to be added)

The Series A Bonds are offered when, as and if issued by the City, and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, and Wiley & Richlin, P.C., Boston, Massachusetts, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Palmer & Dodge, Boston, Massachusetts, and Fitch, Miller & Tourse, Boston, Massachusetts, and for ML Health Care Servicing, Inc., the Mortgage Banker, by its counsel, Krooth & Altman, Washington, D.C. Government Finance Associates, Inc. serves as Financial Advisor to the City. The Series A Bonds are expected to be available for delivery in definitive form at DTC in New York, New York on or about December 20, 1990.

Merrill Lynch & Co.

Lazard Freres & Co.

Pryor, McClendon, Counts & Co., Inc.

M.R. Beal & Company

The First Boston Corporation

Lehman Brothers

J.P. Morgan Securities, Inc.

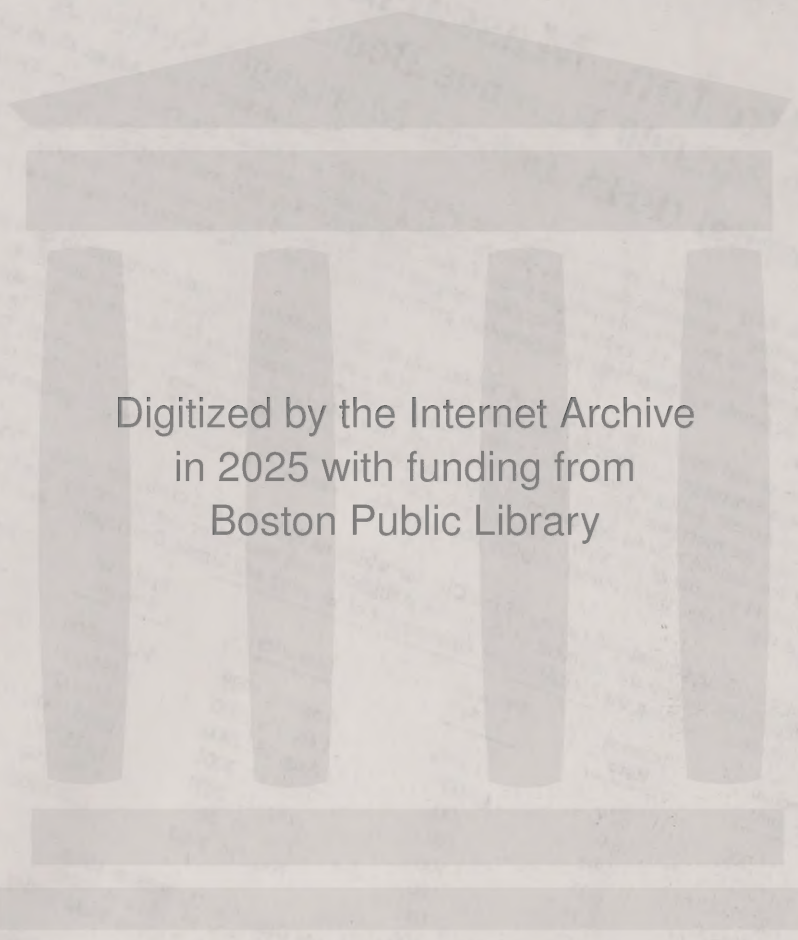
PaineWebber Incorporated

Shawmut Bank, N.A.

State Street Bank and Trust Company

November 30, 1990

†See "Ratings."



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The Economy

The City is the economic center of both the Commonwealth and the New England region, providing professional, business, financial, communications, higher educational, medical and public utility services. The City also serves as the locus for important transportation and cultural activities. As a government center, the City is the state capital and is host to several federal offices.

The City's economy, after out-performing the national economy over the 1982-1988 time period, is in the midst of an economic slowdown as measured by several indicators of growth. The depth and duration of this slowdown are difficult to predict at this time.

Statistical data cited in this section relating to population, employment and income are derived primarily from three separate sources. The Bureau of the Census publishes information every two years; the most recent figures available are for 1988. The City publishes a Household Survey, containing information on population, income and housing, every five years; the most recent survey dates from 1985. The U.S. Bureau of Economic Analysis annually publishes certain statistics on income and employment; the most recent figures available are from the April 1990 Revised Series. Such statistical data is not purported to be accurate for any period after the date of its compilation; more recent data is not available.

Employment Structure

With a population of 577,830 and 639,599 jobs in 1988, as reported by the U.S. Bureau of the Census (the "Bureau of the Census"), the City had the second highest ratio of jobs to population of any of the nation's 35 largest cities, surpassed only by Washington, D.C. The high ratio of jobs to population indicates that the City provides a direct source of employment and income for an area which extends beyond its borders.

The City's employment structure has experienced substantial change over the last several decades. The City's service industries, including transportation, communication, public utilities, finance, insurance, business services and professional services, expanded their share of the City's total employment from 32% in 1950 to 62% in 1989, while the share of total employment in manufacturing and trade declined from 19% to 5% and from 27% to 14%, respectively, during the same period.

Employment Trends

Total employment in the City increased by 117,087 between 1976 and 1988, from 522,512 to 639,599. Growth in a broad range of service and finance industries more than offset decreases in manufacturing and wholesale trade industries. Boston's total employment declined from 639,599 to 628,191 between 1988 and 1989, a loss of 11,408 jobs, the first decline since 1982.

During the 1980s, the City's average annual unemployment rate was below the national rate. Since 1989, however, state, metro, and City unemployment rates have been increasing. In August, 1990, the City's unemployment rate was 6.3%, a rise from 4.0% one year earlier and at a level above the 5.4% national rate. A survey of City households conducted in spring, 1985 reported a minority unemployment rate at double the City average and a youth unemployment rate at triple the average for the City, a pattern experienced by many of the country's urban centers.

Population

Between 1970 and 1980, the City's population declined by 12%. The Bureau of the Census estimate for 1988 showed that the City's population decline had ended and that there was a 2.6% increase in population between 1980 and 1988, from 562,994 to 577,830. The Bureau of the Census reported a growth from 1970-1986 in the City's housing stock and an increase in the number of households from 217,622 in 1970, to 218,457 in 1980 and to 228,838 in 1986, with a reduction of household size from 2.8 to 2.3 persons per household from 1970 to 1986.

Income, Wages, and Cost-of-Living

Per capita personal income for Suffolk County was \$20,044 in 1988, 21.7% above national per capita personal income of \$16,471, according to the U.S. Bureau of Economic Analysis. (The City is wholly included within Suffolk County and comprises 87% of Suffolk County's population and 96% of its employment. Based on Bureau of the Census figures, the City's per capita income tends to exceed slightly that of Suffolk County. Based on historical ratios, it is estimated that the City's per capita personal income was \$20,214 in 1988.) The 1988 per capita personal income for the Boston metropolitan area, the Commonwealth and New England was \$22,248, \$20,834 and \$20,171, respectively.

The April, 1990 report from the U.S. Bureau of Economic Analysis indicates that average annual wages earned, by place of work, have been consistently higher in the City than in the Boston metropolitan area and the Commonwealth. This would seem to contradict a widely held notion that the City, with its relative concentration of employment in a broad range of service industries, would be a lower wage area. Except for manufacturing and wholesale trade, wages in the City were higher for all major industry types. For all industries combined, the City's (Suffolk County) average wage level (\$27,528) was 9.8% greater than that in the metropolitan area (\$25,061) and 17% greater than the average state wage level (\$23,455). The data indicates that the City's mix of industries and occupations is of a higher grade -- particularly for financial, insurance, professional and business services.

Based on the U.S. Bureau of Labor Statistics Consumer Price Index from September, 1989 to September, 1990, the cost-of-living in the Boston area rose 7.2%, compared to 6.2% for the nation.

Construction Activity

During the last two decades the public and private sectors carried out a major expansion of capital construction and investment activity that was instrumental in the transformation of the City's economic base. Total private expenditures on construction for projects completed during 1988 of \$1.2 billion marked an all-time high. The private expenditures for new construction completed in 1989, \$580 million, was down from the 1988 record and was twenty percent less than the ten year average. The number of building permits issued in 1989 also declined twenty percent from the 1988 level.

Office Market and New Development

Because of the importance of the services sector to the City's economy, the trend in office space construction and utilization is an appropriate index of the City's economic activity. The City currently has 48 million square feet of office space of which 34 million is Class A and 14 million is Class B or C. During 1988, completions of over 3 million square feet of new and renovated Class A office space and a decline in absorption to 1.5 million square feet brought the vacancy rate for such space up to 12.0%. In 1989, office market absorption at 851,000 square feet, and the addition of about 792,000 square feet, sent vacancy rates down to 11.5%. Vacancy rates in the second quarter of 1990 were 12.3%.

New office construction and renovation scheduled to be completed during 1990 and 1991 is expected to add over 2.2 million square feet of office space in five new buildings and 400,000 square feet of office space in two major renovation projects.

